

ASSEMBLY BILL

No. 16

**Introduced by Assembly Member Jackson
(Coauthor: Assembly Member Simitian)**

December 2, 2002

An act to amend Section 30262 of the Public Resources Code, relating to oil and gas.

LEGISLATIVE COUNSEL'S DIGEST

AB 16, as introduced, Jackson. Oil and gas development: pipelines.

The California Coastal Act of 1976 permits oil and gas development, if specified conditions relating to safety and environmental mitigation are met.

This bill would include, within those specified conditions that are required to be met where oil and gas development is permitted, a condition requiring that all oil, as defined, produced offshore in new or expanded oil extractions, as defined, be transported onshore by pipeline only, and that all pipelines used to transport this oil onshore utilize the best achievable technology, as defined, to ensure maximum protection of public health and safety and of the integrity and productivity of terrestrial and marine ecosystem.

The bill would also include within those conditions a requirement that oil produced offshore be transported to processing and refining facilities by pipeline when it is onshore. However, for new or expanded oil extraction operations where the crude oil is so highly viscous that pipelining is found to be an infeasible mode of transportation, or there is no feasible access to a pipeline, the bill would permit shipment of crude oil over land by other modes of transportation including trains and

trucks that meet all applicable rules and regulations, excluding any waterborne mode of transport.

The bill would also include within the specified conditions a requirement that the best achievable technology be used when an offshore well is abandoned, in addition to all other measures that will maximize the protection of marine habitat and environmental quality.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 30262 of the Public Resources Code is
2 amended to read:
3 30262. (a) Oil and gas development shall be permitted in
4 accordance with Section 30260, if the following conditions are
5 met:
6 ~~(a)~~
7 (1) The development is performed safely and consistent with
8 the geologic conditions of the well site.
9 ~~(b)~~
10 (2) New or expanded facilities related to ~~such~~ that
11 development are consolidated, to the maximum extent feasible and
12 legally permissible, unless consolidation will have adverse
13 environmental consequences and will not significantly reduce the
14 number of producing wells, support facilities, or sites required to
15 produce the reservoir economically and with minimal
16 environmental impacts.
17 ~~(c)~~
18 (3) Environmentally safe and feasible subsea completions are
19 used ~~when~~ if drilling platforms or islands would substantially
20 degrade coastal visual ~~qualities unless use of such~~ qualities, unless
21 the use of those structures will result in substantially less
22 environmental risks.
23 ~~(d)~~
24 (4) Platforms or islands will not be sited where a substantial
25 hazard to vessel traffic might result from the facility or related
26 operations, as determined in consultation with the United States
27 Coast Guard and the Army Corps of Engineers.
28 ~~(e) Such~~

(5) *The development will not cause or contribute to subsidence hazards unless it is determined that adequate measures will be undertaken to prevent damage from such that subsidence.*

(F)

(6) *With respect to new facilities, all oilfield brines are reinjected into oil-producing zones unless the Division of Oil and Gas, Oil, Gas, and Geothermal Resources of the Department of Conservation determines to do so would adversely affect production of the reservoirs and unless injection into other subsurface zones will reduce environmental risks. Exceptions to reinjections will be granted consistent with the Ocean Waters Discharge Plan of the State Water Resources Control Board and where adequate provision is made for the elimination of petroleum odors and water quality problems.*

(7) (A) *All oil produced offshore California shall be transported onshore by pipeline only. The pipelines used to transport this oil shall utilize the best achievable technology to ensure maximum protection of public health and safety and of the integrity and productivity of terrestrial and marine ecosystems.*

(B) *Once oil produced offshore California is onshore, it shall be transported to processing and refining facilities by pipeline.*

(C) *The following guidelines shall be used when applying subparagraphs (A) and (B):*

(i) *“Best achievable technology,” means the technology that provides the greatest degree of protection taking into consideration both of the following:*

(I) *Processes that are being developed, or could feasibly be developed, anywhere in the world, given overall reasonable expenditures on research and development.*

(II) *Processes that are currently in use anywhere in the world. This clause is not intended to create any conflicting or duplicative regulation of pipelines, including those governing the transportation of oil produced from onshore reserves.*

(ii) *“Oil” refers to crude oil before it is refined into products, including gasoline, bunker fuel, lubricants, and asphalt. Crude oil that is upgraded in quality through residue reduction or other means shall be transported as provided in subparagraphs (A) and (B).*

(iii) *Subparagraphs (A) and (B) shall apply only to new or expanded oil extraction operations. “New extraction operations”*

1 means production of offshore oil from leases that did not exist or
2 had never produced oil, as of January 1, 2003, or from platforms,
3 drilling island, subsea completions, or onshore drilling sites, that
4 did not exist as of January 1, 2003. "Expanded oil extraction"
5 means an increase in the geographic extent of existing leases or
6 units, including lease boundary adjustments, or an increase in the
7 number of well heads, on or after January 1, 2003.

8 (iv) For new or expanded oil extraction operations subject to
9 clause (iii), if the crude oil is so highly viscous that pipelining is
10 determined to be an infeasible mode of transportation, or where
11 there is no feasible access to a pipeline, shipment of crude oil may
12 be permitted over land by other modes of transportation, including
13 trains or trucks, which meet all applicable rules and regulations,
14 excluding any waterborne mode of transport.

15 (8) If a state of emergency is declared by the Governor for an
16 emergency that disrupts the transportation of oil by pipeline, oil
17 may be transported by a waterborne vessel, if authorized by
18 permit, in the same manner as required by emergency permits that
19 are issued pursuant to Section 30624.

20 (9) In addition to all other measures that will maximize the
21 protection of marine habitat and environmental quality, when an
22 offshore well is abandoned, the best achievable technology shall
23 be used.

24 (b) Where appropriate, monitoring programs to record land
25 surface and near-shore ocean floor movements shall be initiated in
26 locations of new large-scale fluid extraction on land or near shore
27 before operations begin and shall continue until surface conditions
28 have stabilized. Costs of monitoring and mitigation programs shall
29 be borne by liquid and gas extraction operators.

30 (c) Nothing in this section shall affect the activities of any state
31 agency that is responsible for regulating the extraction,
32 production, or transport of oil and gas.

33 SEC. 2. The provisions of this act are severable. If any
34 provision of this act or its application is held invalid, that invalidity
35 shall not affect other provisions or applications that can be given
36 effect without the invalid provision or application.

